

Entitlement Payments (Childcare)

DESCRIPTION OF MAJOR SERVICES

All childcare programs administered by the Transitional Assistance Department (TAD) are budgeted within this unit. This expanded program is one of the major programs of the federal welfare reform and the resulting state CalWORKs program. The expanded programs are intended to fund childcare for CalWORKs recipients that are seeking employment or have obtained employment and continue through employment stabilization for a period of up to two years. This budget unit also incorporates the program that funds childcare for families in which the child is under the auspices of the Department of Children's Services and is at risk of parent abuse or neglect. Childcare provider payments are 100% federal and state funded through reimbursements by the state.

There is no staffing associated with this budget unit.

BUDGET AND WORKLOAD HISTORY

	Actual 2002-03	Budget 2003-04	Estimate 2003-04	Proposed 2004-05
Total Appropriation	90,882,476	93,919,917	83,838,051	82,397,695
Departmental Revenue	90,884,155	93,919,917	83,838,051	82,397,695
Local Cost	(1,679)	-	-	-

Workload Indicators

Average Monthly Caseload	21,078	20,462	19,105	18,682
Average Monthly Aid	\$357	\$382	\$366	\$368

Actual allocations/grants are lower than budgeted. However, appropriations and revenues have not been completely adjusted to date. In June 2003, the California Department of Education (CDE) released the allocations to Counties for Stages 2 and 3, Alternative Payment (CPS) and the Federal Block Grant. On July 8th, 2003, the department presented to the Board all 2003-04 childcare allocations. In December, 2003 and January, 2004 the department received allocation reductions from CDE of \$4.7 million in Stages 2 & 3, which were presented to the Board on March 2, 2004 (item #35). An additional reduction of \$500,000 is expected for Stage 2 and will be presented to the Board in May 2004. These reductions are due to reduced caseload and State regulated payment reductions to childcare providers.

Budgeted and actual allocations and contracts for childcare services are shown on the following page:

Program	FY 03/04 Budget	Actual Contract / Allocation Amounts	Revised Contract / Allocation Amounts	Total Funding
Stage 1 CalWORKs	47,873,762	40,124,291	-	40,124,291
Stage 2 Contracts	31,295,161	33,923,131	(2,009,934)	31,913,197
Stage 3 Contracts	10,716,622	12,111,650	(3,134,269)	8,977,381
Alternative Payment Contract State contract (Child Protective Services)	842,898	952,429	205,445	1,157,874
Federal Block Grant State contract (working poor)	3,191,475	3,441,079	(466,288)	2,974,791
Total	93,919,918	90,552,580	(5,405,046)	85,147,534

(Not including administrative costs calculated at approx 10.2% of actual allocation)



Based on caseload trends for the eighteen-month period from Oct '02 through March '04, it is projected that overall, expenditures will be:

- under budget by \$10.1 million.
- less than actual allocations by \$1.3 million.

While projected expenditures are \$83.8 million, actual allocations to date are \$85.1 million. This projection is based on caseload trends from July 2002 to December 2003.

Childcare provider payments are 100% Federal and State funded through reimbursements by the State.

GROUP: Human Services System
DEPARTMENT: Entitlement Payments
FUND: General

BUDGET UNIT: AAA ETP
FUNCTION: Public Assistance
ACTIVITY: Aid Programs

ANALYSIS OF 2004-05 BUDGET

	A	B	C	D	E	B+C+D+E F	G	F+G H
	2003-04 Year-End Estimates	2003-04 Final Budget	Cost to Maintain Current Program Services (Schedule A)	Board Approved Adjustments (Schedule A)	Impacts Due to State Budget Cuts (Schedule B)	Board Approved Base Budget	Department Recommended Funded Adjustments (Schedule C)	2004-05 Proposed Budget
<u>Appropriation</u>								
Other Charges	83,838,051	93,919,917	(5,540,811)	-	-	88,379,106	(5,981,411)	82,397,695
Total Appropriation	83,838,051	93,919,917	(5,540,811)	-	-	88,379,106	(5,981,411)	82,397,695
<u>Departmental Revenue</u>								
State, Fed or Gov't Aid	83,838,051	93,919,917	(5,540,811)	-	-	88,379,106	(5,981,411)	82,397,695
Total Revenue	83,838,051	93,919,917	(5,540,811)	-	-	88,379,106	(5,981,411)	82,397,695
Local Cost	-	-	-	-	-	-	-	-

In comparison to budget 2003-04, it is projected that average monthly paid cases will decrease in 2004-05 by 8.7% due to clients reaching the 60-month time limit. Average monthly aid in 2004-05 is projected to decrease by 3.7% due to regional market rate reductions that are established by the state to pay child care providers.

Childcare provider payments are 100% federal and state funded through reimbursements by the state. There is no local cost.



DEPARTMENT: Entitlement Payments
 FUND: General
 BUDGET UNIT: AAA ETP

SCHEDULE A

MAJOR CHANGES TO THE BUDGET

	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
2003-04 FINAL BUDGET	-	93,919,917	93,919,917	-
Cost to Maintain Current Program Services				
Salaries and Benefits Adjustments	-	-	-	-
Internal Service Fund Adjustments	-	-	-	-
Prop 172	-	-	-	-
Other Required Adjustments	-	(5,540,811)	(5,540,811)	-
Subtotal	-	(5,540,811)	(5,540,811)	-
Board Approved Adjustments During 2003-04				
30% Spend Down Plan	-	-	-	-
Mid-Year Board Items	-	-	-	-
Subtotal	-	-	-	-
Impacts Due to State Budget Cuts	-	-	-	-
TOTAL BASE BUDGET	-	88,379,106	88,379,106	-
Department Recommended Funded Adjustments	-	(5,981,411)	(5,981,411)	-
TOTAL 2004-05 PROPOSED BUDGET	-	82,397,695	82,397,695	-

SCHEDULE C

DEPARTMENT: Entitlement Payments
 FUND: General
 BUDGET UNIT: AAA ETP

DEPARTMENT RECOMMENDED FUNDED ADJUSTMENTS

Brief Description of Program Adjustment	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
Caseload and RMR reductions	-	(5,981,411)	(5,981,411)	-
The Regional Market Rate that is established by the state to pay child care providers was reduced by up to 10% as of January 1st 2004. Caseload is projected to continue to decrease by 8.7% due to clients reaching the 60 month time limit.				
Total	-	(5,981,411)	(5,981,411)	-

